

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:

JOANN INC., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 25–10068 (CTG)

(Jointly Administered)

**Re: Docket No. 1048**

**Hearing Date: June 23, 2025 at 3:00 p.m. (ET)**

**Objection Deadline: June 13, 2025 at 5:00 p.m. (ET)**

**LIMITED OBJECTION OF THE OFFICIAL COMMITTEE  
OF UNSECURED CREDITORS TO DEBTORS’ SALE MOTION**

The Official Committee of Unsecured Creditors (the “Committee”) of JOANN Inc., *et al.*, the above-captioned debtors and debtors-in-possession (collectively, the “Debtors”), by and through its undersigned counsel, hereby files this limited objection (the “Objection”) to the *Motion of Debtors for Entry of an Order, Pursuant to Sections 105 and 363 of the Bankruptcy Code, Bankruptcy Rule 6004, and Local Rule 6004-1, Authorizing the Sale of Certain Assets Free and Clear of All Liens, Claims, Interests, and Encumbrances* (the “Motion”).<sup>2</sup> In support of this Objection, the Committee respectfully states as follows:

**OBJECTION**

1. The Debtors seek Court approval for the sale of certain intellectual property assets (the “Sale”) to Singer Sourcing Limited LLC (the “Buyer”).<sup>3</sup> The sale was

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<sup>1</sup> The Debtors in these chapter 11 cases are: JOANN Inc.; Needle Holdings LLC; Jo-Ann Stores, LLC; Creative Tech Solutions LLC; Creativebug, LLC; WeaveUp, Inc.; JAS Aviation, LLC; joann.com, LLC; JOANN Ditto Holdings Inc.; Dittopatterns LLC; JOANN Holdings 1, LLC; JOANN Holdings 2, LLC; and Jo-Ann Stores Support Center, Inc.

<sup>2</sup> Docket No. 1048. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

<sup>3</sup> Singer Sourcing Limited LLC, an affiliate of SVP Sewing Brands LLC, and a special purpose vehicle designated for the sale of assets, shall, for all relevant purposes herein, be interchangeably referred to as SVP Sewing Brands or the Buyer in this Objection.

negotiated between the Buyer and GA Joann Retail Partnership, LLC (“Great American”), the purchaser of the Debtors’ assets during these bankruptcy cases. As part of the sale of the Debtors’ assets to Great American, Great American was granted the exclusive right to market and sell the Debtors’ assets to third parties.<sup>4</sup>

2. Under the terms of the proposed Sale to Buyer, the Buyer has agreed to, among other things, (i) waive certain alleged 503(b)(9) and secured claims against the Debtors, and (ii) retain a general unsecured claim in the amount of “[n]ot less than \$8,412,826.57” (the “Unsecured Claim”). The proposed sale order deems the Unsecured Claim as allowed for all purposes:

**Table 1 – Allowed Claim**<sup>5</sup>

<b>Claim No.</b>	<b>Debtor</b>	<b>Allowed Amount</b>	<b>Claim Class</b>
11676	Jo-Ann Stores, LLC	Not less than \$8,412,826.57	General Unsecured

3. The Debtors scheduled SVP Sewing Brands LLC (“SVP”), an affiliate of Buyer, with a total claim of \$5,991,157.96 (the “Scheduled Claim”).<sup>6</sup> On April 4, 2025, SVP filed a proof of claim in the total amount of \$8,412,826.57 (the “Filed Claim”) which asserted secured, administrative and unsecured components.<sup>7</sup> The Filed Claim includes a chart outlining purchase orders totaling \$8,412,826.57, but does not differentiate between purportedly unsecured and priority amounts. The Filed Claim further asserts that the purchase orders and invoices

<sup>4</sup> See Order (A) Approving and Authorizing Sale of the Debtors’ Assets, Free and Clear of All Liens, Claims, Encumbrances and Other Interests, and (B) Granting Related Relief (the “Approval Order”) [Docket No. 520].

<sup>5</sup> See Motion, Exhibit A, Proposed Sale Order, ¶ 4.

<sup>6</sup> The Debtors scheduled SVP with three claims as follows: (i) \$2,715,968.29 (Schedule No. 6284353), (ii) \$3,255,564.24 (Schedule No. 6286852), and (iii) \$19,625.44 (Schedule No. 6285319).

<sup>7</sup> See Claim No. 11676.

relating to the Filed Claim are within the Debtors' possession and not attached due to volume and confidentiality concerns.<sup>8</sup>

4. There is a discrepancy of \$2,421,668.61 between the Scheduled Claim and the Filed Claim. The Committee has repeatedly requested support for the disparity but neither the Debtors nor Great American have substantiated the \$2.4 million in question.

5. The Debtors bear the burden under section 363(b)(1) of the Bankruptcy Code to demonstrate that a sound business reason exists for the Sale.<sup>9</sup> The Debtors cannot meet that burden until they validate the \$2.4 million discrepancy. While the Approval Order authorizes the Debtors and Great American to negotiate 503(b)(9) claims, these parties are not authorized to unilaterally grant allowed claims that increase the unsecured claims pool by several million with no justification.<sup>10</sup>

6. The Committee remains willing to engage in good faith with the Debtors and Great American to resolve these issues in advance of the hearing.

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<sup>8</sup> *Id.*

<sup>9</sup> *See Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1071 (2d Cir. 1983); *In re Abbotts Dairies of Pa., Inc.*, 788 F.2d 143, 149–50 (3d Cir. 1986).

<sup>10</sup> *See In re Coram Healthcare Corp.*, 315 B.R. 321, 329–30 (Bankr. D. Del. 2004) (explaining that the standard for settling claims in connection with sales are governed by Rule 9019 and require a good-faith compromise that benefits the estate); *see also In re Allegheny Int'l, Inc.*, 954 F.2d 167, 173–74 (3d Cir. 1992) (a proof of claim is *prima facie* valid only if it alleges facts supporting liability, and if disputed, must be adjudicated).

**CONCLUSION**

WHEREFORE, the Committee respectfully requests that the Court (i) deny the Motion unless the sale order is revised as set forth herein; and (ii) grant such other and further relief as the Court deems just and proper.

Dated: Wilmington, Delaware  
June 13, 2025

**PACHULSKI STANG ZIEHL & JONES LLP**

By: /s/ James E. O'Neill  
Bradford Sandler (DE Bar No. 4142)  
James E. O'Neill (DE Bar No. 4042)  
919 North Market Street 17th Floor  
P.O. Box 8705  
Wilmington, DE 19899-8705 (Courier 19801)  
Tel: (302) 652-4100  
Fax: (302) 652-4400  
Email: [bsandler@pszjlaw.com](mailto:bsandler@pszjlaw.com)  
[joneill@pszjlaw.com](mailto:joneill@pszjlaw.com)

and

**KELLEY DRYE & WARREN LLP**  
Eric R. Wilson (admitted *pro hac vice*)  
Jason R. Adams (admitted *pro hac vice*)  
Maeghan J. McLoughlin (admitted *pro hac vice*)  
3 World Trade Center  
175 Greenwich Street  
New York, New York 10007  
Tel: (212) 808-7800  
Fax: (212) 808-7897  
Email: [ewilson@kelleydrye.com](mailto:ewilson@kelleydrye.com)  
[jadams@kelleydrye.com](mailto:jadams@kelleydrye.com)  
[mmcloughlin@kelleydrye.com](mailto:mmcloughlin@kelleydrye.com)

*Counsel to the Official Committee of Unsecured  
Creditors of JOANN Inc., et al.*